

Doc # 5530
ADOPTED
10/25/92

BOSTON REDEVELOPMENT AUTHORITY

REPORT AND DECISION ON THE APPLICATION
FOR APPROVAL OF GARDEN CORPORATION TO UNDERTAKE
A PROJECT IN BOSTON, MASSACHUSETTS UNDER
MASS. G.L.C. 121A, AS AMENDED AND
ST. 1960, C.652, AS AMENDED

A. The Hearing. A public hearing was held at 2:30 p.m. on October 22, 1992, in the Board Room of Boston Redevelopment Authority ("Authority") on the 9th floor of City Hall, Boston, Massachusetts 02201, by the Authority on an Application, dated October 1, 1992 (the "Application"), filed by Garden Corporation (the "Applicant" or "GC") for authorization and approval of a project under Chapter 121A of the General Laws of the Commonwealth of Massachusetts ("Chapter 121A") and Chapter 652 of the Acts of 1960 ("Chapter 652") as amended (the "Project"), to be undertaken by the Applicant, due notice of said hearing having been given previously by publication on October 12, 1992, in the Boston Herald, a daily newspaper of general circulation published in Boston, and mailing postage pre-paid in accordance with Rule 4 of the Rules and Regulations of the Authority for securing approval of Chapter 121A projects, and in accordance with the provisions of Section 13 of Chapter 652. Michael F. Donlan, Francis X. O'Brien, James K. Flaherty, Consuelo Gonzales-Thornell and Kane Simonian, members of the Authority, were present at the hearing.

B. The Project. The Project Site is comprised of the Existing Garden Site and the New Building Site, each as defined below. The Existing Garden Site is described in the Application, and is further delineated as a lot marked "N/F New Boston Garden Corporation" on a plan entitled "Subdivision Plan of Land in Boston, Mass., Prepared for New Boston Garden Corporation," prepared by Vanasse Hangen Brustlin, Inc., Consulting Engineers & Planners, dated September 15, 1992 (the "Project Plan"). The New Building Site consists of the land and air rights, together with all of the improvements thereon, and delineated as Parcels A-1, A-2, A-3, A-4, B-1, B-2, C-1, C-2, C-3, C-4, C-5, C-6, C-7 and C-8 on the Project Plan. The Project Site is described with more particularity in Section 2(a) of the Application.

The Project will result in the construction of a combined New Boston Garden Arena facility (the "Arena Component") and new North Station commuter rail station transportation facility (the "Transportation Component") (the Arena Component and the Transportation Component collectively comprising the "New Building"). The New Building is to be constructed above a new parking garage and commuter rail extension. The garage is an

underground parking facility accommodating approximately 1,300 cars, currently being constructed by the MBTA (the "MBTA Garage"). The commuter rail track system has been expanded to 12 tracks by the MBTA as part of the development of the MBTA Garage.

The Transportation Component will be located at the ground level of the New Building, providing a new North Station commuter rail facility. The Arena Component will be a state-of-the-art entertainment and sports complex, furnished with modern mechanical systems, unobstructed view seats, sophisticated sound and video elements, food courts, and two major restaurants.

C. Authority Action. In passing upon the Application, the Authority has considered the Application itself, all documents, plans and exhibits filed therewith or referred to therein, the oral evidence presented at the hearing, the exhibits offered in evidence presented at the hearing, and arguments and statements made at the hearing.

D. Project Area. The Project, as defined in the Application, constitutes a "Project" within the meaning of Section 1 of Chapter 121A of the General Laws, providing, as it does, for the construction of a major and unique and civic and transportation facility serving Boston and the region.

The Project Site has long been a substandard, decadent and blighted and open area. Built in 1928, the Existing Garden is substandard and outmoded as an arena for the National Basketball Association Boston Celtics basketball team and the National Hockey League Boston Bruins hockey team. It is also inadequate and substandard for other events. The rail passenger facilities and North Station terminal similarly are dilapidated and provide only marginal facilities for the commuter rail patrons. The area to the north of the Existing Garden has been both a "decadent area" as well as "blighted open area". It has been characterized by detrimental land uses, serious topographic difficulties, stagnation and deterioration due to inadequacy of transportation facilities, complexity of ownership and division of the area. Finally, the MBTA has commenced the revitalization of the Project Site by the construction of the MBTA garage. The inability to complete the revitalization of this decadent and blighted area through construction of a multi-use transportation facility and major public arena would result in an unsightly and blighted unfinished project for an indefinite period of time.

The conditions in the Project Site are detrimental to the health, safety and sound growth of the community. For the reasons set forth above and in the Application, the Authority hereby declares that the Project Site is a decadent area, as set forth in Massachusetts General Law Chapter 121A, Section 1. The Project will remove the decadent conditions the Project Site and will contribute to the improvement of the surrounding area.

The Project requires Chapter 121A aids because, in light of the current condition of the regional economy, the Project cannot be developed, and the public benefits to be provided in connection with the Project are not possible, without designation and approval of Chapter 121A. Moreover, the financial incentive provided by Chapter 121A will enable the Project Developers to attract and retain the Project's two major occupants, the Boston Celtics and Boston Bruins, by providing more attractive terms than others offering arena space for rent. In addition, the construction of the Arena Component on the air rights parcel described in the current plans carries with it a significant cost premium as compared to a project built at grade. The air rights location has unique advantages to patrons and to the City, but necessitates the expenditure of many hundreds of thousands of dollars involved in creating an arena floor approximately thirty feet (30') in the air and built over a major commuter rail station. In this regard, the Chapter 121A aids are necessary so that the Project may be competitive with other available arena spaces located throughout New England.

The public benefits to be provided in connection with the Project, which are set forth in detail in the Application, have been conceived by, and are the product of, concerted joint efforts by both the City and the Commonwealth of Massachusetts in their commitment to have a pre-eminent sports arena located within the City of Boston. Without the benefit of governmental intervention to approve the Chapter 121A aids, the development of the Project Site will not be feasible, so that the public benefits expected to be generated by the Project will not occur. The Authority finds that the elimination of blighted, open, decadent and substandard conditions located within the Project Site cannot be accomplished by the ordinary operations of private enterprise, but require the aids of Chapter 121A. The Project will provide substantial financial return to the City of Boston. The amounts paid in lieu of real estate taxes by the Project Developers are described in the proposed contracts under Section 6A of Chapter 121A, as set forth as Appendix 11(f) of the Application. Additionally, the Project will provide numerous public benefits as set forth in Sections 3(g) and 6 of the Application. These benefits include, but are not limited to, the estimated creation of 700 construction jobs and 50 new jobs, over and above the existing employment of approximately 300 in-season and 173 off-season jobs in the Existing Garden, and the anticipated increased number of events from the current 210 events per year to approximately 240 events in its first year of operation and increasing to approximately 270 events annually, all with significant positive economic benefits for surrounding businesses and the entire City.

E. Cost of Project. In the opinion of the Authority, the cost of the Project has been estimated realistically in the Application and the Project is practicable. The Authority hereby approves the method of financing as described in Section 4 of the Application.

The total capital required to complete the Project is estimated to be \$160,000,000. The cost of the Project will be financed by the Project developers through a loan from a lending group comprised of Shawmut Bank, N.A., the Fleet Bank of Massachusetts, N.A. and the First National Bank of Boston, N.A.. Project equity in the amount of \$40,000,000 will be contributed by the Project Developers, as described in Section 4 of the Application. Persons who have an interest in the Project are listed in the Disclosure Statement attached to the Application, which contains the financial information required by Article 31 of the Code, except for the consultants and attorneys working on the Project who are listed in Section 1 of the Application.

Experience with similar financing and organization methods persuades the Authority that the financial program is realistic and that the Project is practicable.

F. Consistency with Master Plan. The Project will not conflict with the Master Plan for the City of Boston ("1965-1975 General Plan for the City of Boston Core"), authored by the Boston Redevelopment Authority, because the Project Site comes within a classification in the Master Plan which permits commercial uses of the kind proposed by the Applicant, because the Project is consistent with the goals of the Master Plan, and because the Project is consistent with the planning goals of the City of Boston, as stated in Article 39 of the Boston Zoning Code.

G. Effect of the Project. The Project will not be in any way detrimental to the best interests of the public or the City or to the public safety and convenience or be inconsistent with the most suitable development of the City. The Project will constitute a public use and benefit, will forward the best interest of the City, is being undertaken and acquired for a public purpose, and is necessary and desirable for the following reasons:

- (i) The New Building will further the urban design and economic development goals of the City of Boston, as set forth in Article 39 of the Boston Zoning Code;
- (ii) The New Building, being comprised of both the Arena and Transportation Components, serves to integrate the new arena with a new North Station commuter rail facility, providing a major new multi-modal transportation center at the northern gateway to the City;
- (iii) The New Building will be designed as a dramatic northern gateway to the City of Boston;

The first of the two main sections of the report is devoted to a description of the work done during the year. This section is divided into two parts, the first of which deals with the work done in the laboratory and the second with the work done in the field. The second section of the report is devoted to a discussion of the results of the work done during the year. This section is divided into two parts, the first of which deals with the results of the work done in the laboratory and the second with the results of the work done in the field.

The third section of the report is devoted to a discussion of the conclusions drawn from the work done during the year. This section is divided into two parts, the first of which deals with the conclusions drawn from the work done in the laboratory and the second with the conclusions drawn from the work done in the field.

The fourth section of the report is devoted to a discussion of the suggestions for further work. This section is divided into two parts, the first of which deals with the suggestions for further work in the laboratory and the second with the suggestions for further work in the field. The fifth section of the report is devoted to a discussion of the references cited in the report. This section is divided into two parts, the first of which deals with the references cited in the laboratory section and the second with the references cited in the field section.

The sixth section of the report is devoted to a discussion of the acknowledgments. This section is divided into two parts, the first of which deals with the acknowledgments of the work done in the laboratory and the second with the acknowledgments of the work done in the field. The seventh section of the report is devoted to a discussion of the summary. This section is divided into two parts, the first of which deals with the summary of the work done in the laboratory and the second with the summary of the work done in the field.

The eighth section of the report is devoted to a discussion of the conclusions. This section is divided into two parts, the first of which deals with the conclusions drawn from the work done in the laboratory and the second with the conclusions drawn from the work done in the field. The ninth section of the report is devoted to a discussion of the references. This section is divided into two parts, the first of which deals with the references cited in the laboratory section and the second with the references cited in the field section.

The tenth section of the report is devoted to a discussion of the suggestions for further work. This section is divided into two parts, the first of which deals with the suggestions for further work in the laboratory and the second with the suggestions for further work in the field. The eleventh section of the report is devoted to a discussion of the acknowledgments. This section is divided into two parts, the first of which deals with the acknowledgments of the work done in the laboratory and the second with the acknowledgments of the work done in the field.

The twelfth section of the report is devoted to a discussion of the summary. This section is divided into two parts, the first of which deals with the summary of the work done in the laboratory and the second with the summary of the work done in the field. The thirteenth section of the report is devoted to a discussion of the conclusions. This section is divided into two parts, the first of which deals with the conclusions drawn from the work done in the laboratory and the second with the conclusions drawn from the work done in the field.

- (iv) The Arena Component will provide a new, privately financed, multi-purpose sports and entertainment arena for the City of Boston, and will provide a venue for concert events and other center stage events which currently must go outside the City;
- (v) The Arena Component will continue to be the home of the Boston Bruins and the Boston Celtics and will ensure that those teams remain within the City of Boston;
- (vi) The Arena Component will host an increased number of events, from the current 210 events per year to approximately 240 events in its first year of operation, and increasing to approximately 270 events annually;
- (vii) Arena events have significant positive economic benefits for surrounding businesses and the entire City. Increased seating capacity and an increased number of events will greatly enhance the economic benefits to local merchants in the North Station area, will stimulate the local economy and will provide a strong and renewed economic anchor to stimulate North Station development;
- (viii) The Transportation Component will be planned and carried out in coordination with the improvements to North Station commuter rail facilities and the Orange and Green Lines being constructed by the MBTA. Such coordination will help to facilitate use of commuter rail, rapid transit, arena patron circulation, and public safety;
- (ix) The location of the Project will maximize use of commuter rail and subway for Arena Component events and reduce, to the maximum extent possible, local automobile congestion related to Arena Component events;
- (x) The Project will facilitate improved pedestrian connections between the Arena Component and the Green Line, Orange Line and commuter rail services;
- (xi) The Project will be fully accessible to the disabled community. Wheelchair patrons, as well as patrons who are either vision or hearing impaired, will have improved access to Arena Component events, improved visibility and audibility of Arena Component events and improved paths of access to and from the new Arena Component;

- (xii) The MBTA Garage will provide parking below the New Building, and reduce automobile congestion on City streets;
- (xiii) The New Building will provide for off-street bus loading and parking, New Building service access, and media vehicle operations for the new Arena, thus providing a substantial benefit to pedestrian safety and vehicular operations on Causeway Street;
- (xiv) The Project will provide approximately 700 construction jobs. Additionally, the Project will provide approximately 50 new jobs over and above the existing employment of approximately 300 in-season and 173 off-season jobs at the Existing Garden;
- (xv) The Project Developers will work with the Mayor's Office of Jobs and Community Service to develop strategies for complying with the City's employment goals in terms of Boston residents and minority hiring;
- (xvi) The Project will result in significant urban design benefits, including improved visual environment in the Project Site, safe public spaces in and around the Project Site and an attractive new destination point in the City;
- (xvii) The New Building will use a storm drainage system which removes significant volumes of water from the combined sewer system;
- (xviii) The Project Developers have committed to a series of transportation mitigation measures which will improve traffic flows and pedestrian safety in the area of the Project Site;
- (xix) The construction of the New Building will result in the development of a system of pedestrian pathways from the north and from downtown to and around the Project Site;
- (xx) The Applicant will continue to make the Arena Component available for charitable and community events;
- (xxi) The Project enjoys widespread community support; and

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(xxii) Without the benefit of governmental intervention by approval of the Application, the development of the Project Site will be severally jeopardized, along with the public benefits to be generated by the Project.

The Project has been reviewed by the Design Review Staff of the Authority and is subject to further design review. The Authority finds that this Project will enhance the general appearance of the area and will furnish a much needed state-of-the-art entertainment complex, together with an improved North Station commuter rail station transportation facility. The Project will have a positive economic impact on the neighborhood surrounding the Project Area and on the City of Boston. Additionally, the Project Developers will execute a Boston Residents Construction Employment Plan providing that the general contractors, and those engaged by the general contractors for the construction of the Project on a craft-by-craft basis, will be required to use good faith efforts to meet the following Boston Residents Construction Employment standards (a) at least fifty percent (50%) of the total employee worker hours in each trade shall be by Boston residents; (b) at least twenty five percent (25%) of the total employee worker hours in each trade shall be by minorities; and (c) at least ten percent (10%) of the total employee worker hours shall be by women. The Project Developers will also execute a Memorandum of Understanding and First Source Agreement in connection with the Project. Under the Memorandum of Understanding, an employment opportunity plan will be created whereby good faith efforts will be used to provide that fifty percent (50%) of certain employment opportunities created by the Project will be made available to Boston residents.

The Project will not require a declaration that any of the buildings constituting a portion of the Project constitute a separate building for the purpose of General Laws, Chapter 138.

The Project Site does not include land within any location approved by the State Department of Public Works for the extension of the Massachusetts Turnpike into the City of Boston.

The Authority hereby approves the Statement Regarding Relocation Plan attached to the Application.

H. Environmental Considerations. Pursuant to the provisions of Section 61 of Chapter 30 of the General Laws as inserted by Chapter 781 of the Acts of 1972, the Authority hereby finds and determines that the Project will not result in significant damage to or impairment of the environment and further finds and determines that all practicable and feasible means and measures have been taken, or will be utilized, to avoid or minimize damage to the environment. As a result of the investigations and report of the Authority's staff in connection with the Application and in connection with the Development Review Process for the Project undertaken in accordance

with Article 31 of the Boston Zoning Code, and of its own knowledge, the Authority hereby determines that the DPIR/DEIR for the Project dated October 1, 1990, and the Final Record and Decision for the Project, issued by the Executive Office of Environmental Affairs, describes the impacts on the environment of such Project and hereby incorporates such reports by reference as the Authority's findings describing such impacts.

The minimum standards for Financing, Construction, Maintenance and Improvements of the Project, as attached to the Application, are hereby adopted and imposed as Rules and Regulations (in addition to those hereinafter adopted and imposed) applicable to this Project for the same period as the Project is subject to the provisions of Chapter 121A of the General Laws and Chapter 652 of the Acts of 1960, as amended.

In addition to such minimum standards, the Authority requires that each of the Project Developers, prior to obtaining a building permit, (1) enter into the Regulatory Agreements for the Project pursuant to the requirements General Laws, Chapter 121A, Section 18C, in substantially the form as appended to the Application, with such changes thereto as the Director of the Authority, in his discretion, shall determine to be necessary or desirable, his execution and delivery of any such Regulatory Agreements or taking of any such action to be conclusive evidence of his determination and of the authority granted to him hereunder, (2) submit to the Authority for its review and approval such plans and specifications for the Project as the Authority may require and accept such changes and modifications thereto as the Authority may deem necessary or appropriate; and (3) adhere to such design review controls and requirements as the Authority may in its discretion impose. The Project Developers shall also be subject to the obligations set forth in the Development Impact Project Plan, attached to the Application.

J. Deviations from Codes and Ordinances. Appendix J attached to the Application lists the deviations from zoning laws, codes, ordinances and regulations requested for the Project. For the reasons set forth in the Application and the evidence presented at the hearing, the Authority finds that the deviations set forth in Appendix J and incorporated herein by reference are necessary for the carrying out of the Project and are therefore granted, and the Authority hereby finds that such permission may be granted without substantially deteriorating from the intent and purposes of applicable laws, codes, ordinances and regulations. In accordance with Appendix J, the Authority hereby determines that, with the granting of such deviations, the construction and use of the Project will not be in contravention of any applicable zoning or subdivision ordinances or any by-laws, rules or regulations, in effect in the location of the Project, or of the standards fixed by the Authority.

with Article 17 of the Basic Law, which states that the Federal Government shall be composed of the Federal Chancellor and the Federal Ministers. The Federal Chancellor shall be elected by the Federal Assembly for a term of five years. The Federal Ministers shall be appointed and dismissed by the Federal President on the proposal of the Federal Chancellor. The Federal Assembly shall also elect the Federal President and the Federal Vice-President for a term of five years.

The Federal Assembly shall also elect the Federal President and the Federal Vice-President for a term of five years. The Federal Assembly shall also elect the Federal President and the Federal Vice-President for a term of five years. The Federal Assembly shall also elect the Federal President and the Federal Vice-President for a term of five years. The Federal Assembly shall also elect the Federal President and the Federal Vice-President for a term of five years.

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K. Decision. For all the reasons set forth in the foregoing report and decision, the Authority hereby (i) finds that all requirements of Chapter 121A of the General Laws and Chapter 652 of the Acts of 1960 have been met, and (ii) approves the undertakings by the Project Developers of the Project pursuant to Chapter 121A of the General Laws and Chapter 652 of the Acts of 1960, in the manner described in the Application and subject to and with the benefits of the provisions set forth in the Application, as affected by the provisions set forth above and without limitation the foregoing, makes and grants the following determinations, findings and approvals in addition to those set forth above:

(1) Waiver.

The Authority specifically waives any procedural requirements of the Authority's aforesaid Rules and Regulations with which this Application is not in conformity, and grants all approvals needed for the Project to be undertaken as herein set forth.

(2) Determinations, Findings, Grants and Approvals.

The Authority agrees that (i) neither GC nor any of its affiliates, officers, directors, agents or employees of GC shall have any personal liability hereunder or under any agreement or undertaking related hereto, all such liability being limited solely to the assets and property of the Applicant which form a part of the Project; (ii) GC shall not have any obligations hereunder with respect to the carrying out of the Project except as specifically set forth herein and the Regulatory Agreements; (iii) the vote of the Authority approving the Application shall be final when such vote is taken, approved by the Mayor of the City of Boston and filed with the Clerk of the City of Boston, as required by Chapter 652, Section 13, but the fifteen (15) year term under Chapter 121A shall not commence until the date on which GC acquires all property interests comprising the New Building Site, and after such fifteen (15) year term GC shall not be subject to the obligations of Chapter 121A, nor enjoy the rights and privileges thereunder, nor be subject to the terms, conditions and obligations hereof and the Regulatory Agreement; and (iv) all of the provisions hereof shall be binding upon and inure to the benefit of GC, and its successors and assigns.

(3) Further Determinations, Findings, Grants and Approvals.

The Authority hereby (i) approves (x) the Development Impact Project Plan and Development Impact Project Agreement attached to the Application as Exhibit E, (y) the Minimum Financing, Construction, Maintenance and Management Standards attached to the Application as Appendix G and (z) the Proposed Regulatory Agreement for the Project attached to the Application as Appendix G (the agreements referenced in (x), (y) and (z) are collectively referred to herein as the "Regulatory Agreements"); (ii) authorizes the

Director to take any action and to execute in the name of, and on behalf of the Authority, the Regulatory Agreements, which may be on such terms and conditions as the Director deems appropriate and in the best interests of the Authority and the City, with such changes to the Regulatory Agreements as the Director, in his discretion, shall determine to be necessary or desirable, his execution and delivery of any such Regulatory Agreements or taking of any such action to be conclusive evidence of his determination and of the authority granted to him hereunder; (iii) approves the 6A Contract attached to the Application as Appendix F (the "6A Contract"), subject to such changes to the 6A Agreement as the Commissioner of Assessing shall determine to be necessary or desirable; (iv) grants permission for the Project to deviate from such zoning codes, ordinances and regulations as set forth in Appendix J attached to the Application and made a part hereof, and the Authority hereby finds that such permission may be granted without substantially derogating from the intent and purposes of such laws, codes, ordinances and regulations; and (v) approves the right of GC to grant and/or acquire, from time to time, on terms not inconsistent herewith such easements and other property rights (including, without limitation, leases, utility easement and reciprocal easements) which are reasonably necessary to accomplish development, operation and maintenance of the Project.

(4) Termination.

Upon request of the Applicant, the Authority may terminate any approvals now or hereafter given by the Authority relative to the Project. The effective date of any such termination shall be such date as may be approved by the Authority in accordance with Chapter 121A, and such termination shall be subject to such other terms and conditions as the Authority deems appropriate. Following any such termination, the Project and the Project Site, or the applicable portion thereof, shall no longer be subject to the provisions of Chapter 121A, and thereafter shall neither enjoy the benefits of nor be subject to the provisions of said laws or regulations thereunder.

(5) Conditions.

The obligations of the Applicant pursuant hereto are conditioned in all respects upon (i) the acquisition of the New Building Site by the Owner and the issuance of all permissions, variances, permits and licenses that may be required with respect to the construction, maintenance and management of the Project, whether or not the same are specified in this Application, and upon (ii) the appropriate agency or authority within the City certifying in a timely way to the appropriate authorities of the Commonwealth of Massachusetts (A) the "fair cash value" of all real and personal property included within the Project to be not more than the amounts set forth in Section 3 of the proposed form of 6A Contract appended hereto, and (B) the "gross income" of the Owner to be not

more than the amounts set forth in Section 5 of the proposed form of 6A Contract appended to the Application, and upon (iii) the sum of the Excise Tax and the Differential (as defined in the proposed form of 6A Contract appended hereto) never exceeding in any calendar year the lesser of (A) the amounts set forth in subsection 2(c) of said 6A Contract for such calendar years, or (B) the taxes which the Owner would be required to pay on the entire Project for such calendar year pursuant to Mass. G.L. c. 59, and upon (iv) the City and the Project Developers entering into the Regulatory Agreements and any other additional agreements appended to the Application, substantially in the form appended to the Application, and such agreements remaining in full force and effect, including, without limitation, as to the amount and method of payment of any linkage obligations as set forth in such draft Regulatory Agreements. The Project Developers shall not be held in any way liable for delays which may occur in the construction, repair and maintenance of the Project, or otherwise, by reason of scarcity of materials or labor, labor difficulties, damage by fire or other casualty or any other cause beyond the Project Developers' reasonable control. If any of the foregoing conditions are not met at any time during the term of the Applicant's designation under Chapter 121A pursuant to the Application, in addition to the right to seek termination of the designation pursuant hereto, the Applicant shall have such remedies as are available at law or in equity, including a right to bring an action for mandamus or specific performance to insure that no such breach continues to exist. If notwithstanding such remedies the Applicant is ever required to pay sums in lieu of property taxes in excess of the sums contemplated by said 6A Contract, the Applicant shall have the right to offset any such excess payments against any other sums payable by the Applicant to the City in respect of said 6A Contract.

(6) Removal/Sale.

The Applicant may apply to the Authority for a change in the Project consisting of (A) a sale of any portion of the Project, or (B) removal of any portion of the Project Site from the Project in order to undertake the development of such portion of the Project Site outside the purview of Chapter 121A and the 6A Contract, or under a separate application for designation under Chapter 121A. The owner of the Applicant may also apply to the Authority for approval of a disposal of any of its interests in the Applicant. Upon receipt of any such application for the sale/removal/disposal, the Authority will as quickly as is legally permissible either (x) approve such sale/removal/disposal, or (y) terminate this Report and Decision as to the entire Project in the case of a disposal of interests in the Applicant, or terminate this Report and Decision as to such portion of the Project Site as is the subject of such application in the case of a sale/removal, whereupon the owner of the Applicant may dispose of such interests in the Applicant (in the case of a disposal) and the Project shall no longer be subject

to the burdens nor receive the benefits of Chapter 121A, Chapter 652 or this Report and Decision or such portion of the Project Site may be sold by the Applicant (in the case of a sale/removal), but such portion of the Project Site shall no longer be subject to the burdens nor receive the benefits of Chapter 121A, Chapter 652 or this Report and Decision.

MEMORANDUM

Doc #5530
ADOPTED
October 22, 1992

TO: BOSTON REDEVELOPMENT AUTHORITY AND
PAUL L. BARRETT, DIRECTOR

FROM: BRIAN DE LOREY, ASSISTANT DIRECTOR FOR ECONOMIC
DEVELOPMENT
HOMER RUSSELL, ASSISTANT DIRECTOR FOR URBAN DESIGN
AND DOWNTOWN PLANNING
ERIC SCHMIDT, DIRECTOR OF URBAN DESIGN, URBAN
DESIGN AND DOWNTOWN PLANNING
KEVIN MORRISON, DEPUTY GENERAL COUNSEL
JUAN CARLOS LOVELUCK, PROJECT MANAGER, URBAN
DESIGN AND DOWNTOWN PLANNING

SUBJECT: BOSTON GARDEN ARENA

SUMMARY: This memorandum requests that the BRA approve the application of the Garden Corporation under MGL Chapter 121A and the Development Project Impact Plan, both in connection with the construction of the new Boston Garden Arena.

The Garden Corporation ("GC") and the New Boston Garden Corporation ("NBGC") propose to construct, under the provisions of Chapter 121A, a new, state-of-the-art, multi-purpose sports arena to replace the existing Boston Garden, together with a new commuter rail station (collectively, the "Project") in the North Station area. Both GC and NBGC are wholly owned subsidiaries of Delaware North Companies, Incorporated ("DNC"), owner of the existing Boston Garden and the Boston Bruins hockey team.

As is more fully described in the attached Chapter 121A application ("Application"), GC is the entity that has applied for designation under MGL Chapter 121A and that will own the 121A project. NBGC will lease the property from GC under a long-term lease and will be the developer and operator of the new arena (a draft of the lease is included in the Application). The rail station component, which will replace the existing North Station, will be developed by NBGC but will be operated and maintained by the Massachusetts Bay Transportation Authority ("MBTA") under easement agreements between the MBTA and NBGC.

The new Boston Garden arena will be the centerpiece of a phased, 2.3 million square foot mixed-use development in the North Station area as contemplated in Article 39 of the Boston Zoning Code ("Code"). Under the provisions of Article 39, the Project is

TO:

GOVERNMENT OF THE DISTRICT OF COLUMBIA
PAUL J. CARROLL, DIRECTOR

FROM:

BRANCH OF CITY, ASSISTANT DIRECTOR FOR ECONOMIC
DEVELOPMENT
KIMBERLY A. BELL, ASSISTANT DIRECTOR FOR ECONOMIC
AND COMMUNITY PLANNING
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SUBJECT:

GOVERNMENT GARDEN AREA

SUMMARY:

The Government has been planning for a long time to
develop the Government Garden Area. The area is
located in the heart of the city and is a very
important area for the city. The area is
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located within the New Boston Garden Development Area, which imposes as-of-right limits of 400 feet in height and a floor area ratio of 11.0. Subsequent development within the New Boston Garden Development Area will occur in three development parcels. Each parcel will be developed for high-rise commercial uses in accordance with Article 39 as described above. Two of these parcels are located on the site of the existing Boston Garden and the third is on Nashua Street behind the Thomas P. O'Neill Federal Building (the remaining development parcels, labelled Buildings A, B, and C, are depicted on the Area Site Plan, Appendix B of the Application). Once the land assemblage process for the Project is completed, NBGC will own all of these sites.

The City of Boston will transfer to GC its ownership interest in the air rights required for the Project in exchange for consideration of \$20,150,000. Under the terms of the Sale and Construction Agreement, this consideration will not be payable until NBGC enters into a sale contract for any one of the three remaining development parcels described above.

Project Site

The new Boston Garden arena will be constructed on a parcel of land located directly behind the existing Boston Garden and containing approximately 3.2 acres (see the Area Site Plan, Exhibit B of the Application). This site, which is owned in part by the City of Boston, the MBTA, the Massachusetts Department of Public Works, and the Massachusetts General Hospital, is primarily occupied by a 1,300-car, below-grade parking garage currently in the final stages of construction. The garage is being constructed by and is owned by the MBTA. It is the intention of NBGC to acquire approximately 1.1 acres of land in addition to the arena footprint described above in connection with the Project. The existing Boston Garden will be demolished at some point after the completion of the new arena, and that site, which contains 2.0 acres and is currently owned by NBGC, together with the additional 1.1 acres, will be made available for high-rise commercial development in three parcels as described above.

The existing commuter rail train tracks are being extended to accommodate longer trains and will run under the new arena to approximately 60 feet from the rear wall of the existing Boston Garden. As described further in the Application, the MBTA and the City will transfer to GC ownership of all development rights required for the new arena from the top slab of the MBTA parking garage upwards. The arena will be constructed over the train tracks and station, with the arena playing floor located approximately 30 feet above grade.

Project Description

The new Boston Garden will be the centerpiece of the New Boston Garden Development Area. Substantial private and public investment in the vicinity of the Project is either in place or planned over the next decade. The new Boston Garden will be a state-of-the-art, multi-purpose sports arena capable of accommodating

basketball, hockey, concerts, circuses, and other major public events.

The new Boston Garden arena will contain approximately 755,000 square feet distributed over ten levels, including five public seating levels. The arena's footprint will measure approximately 300 feet by 468 feet, and the arena will be approximately 168 feet high at its highest point (building plans, elevations, and sections are included in Appendix C of the Application). The arena will offer seating for 18,300 for basketball games, 17,000 for hockey games, and between 15,000 and 19,600 for other events such as concerts, Disney on Ice, and the circus. Because the roof of the arena spans the entire building without columns, no seats have obstructed views. The hockey rink will be National Hockey League regulation size, unlike the one in the existing arena.

The new arena will include modern, state-of-the-art building systems, including air conditioning, allowing the scheduling of events regardless of weather conditions. The arena will offer improved access, egress, and interior circulation for patrons; each seating level will have ample restrooms, food and beverage outlets as well as other amenities. Two exclusive levels serving 104 executive suites and 2,500 preferred seats, which will be leased on a long-term basis, will also be provided with their own services and amenities. In addition, the new arena will meet all applicable codes regarding accessibility for the handicapped.

The arena will also provide improved facilities for the unloading and loading equipment for various events, including four loading docks for semi-trailer trucks, as well as for demounting and storing special equipment required for hockey and basketball games. Combined with the attractiveness of a modern, air-conditioned facility, this will allow an increase in the number of events held per year from the existing 210 events gradually up to a maximum of 270 events per year.

Project Financing

The total development cost of the Project is estimated to be \$160,000,000. The lender, a consortium of local banks including Shawmut, Fleet, and Bank of Boston, has issued a commitment letter dated May 5, 1992, in the amount of \$120,000,000 for a construction/mini-permanent loan with a term of 10 years, with principal and interest due in accordance with a 15-year amortization schedule. This commitment has been extended by DNC and NBGC. The financing commitment is conditioned upon NBGC achieving sales of long-term leases of 75 percent of its executive suites and preferred seats, which requirement has been met.

The remaining \$40,000,000 in equity will be provided through expenses to date for items such as architectural and engineering fees, environmental studies, etc., the net proceeds received by NBGC for the taking by the Commonwealth of its leasehold interest in 150 Causeway Street, deposits received on long-term leases for executive suites and preferred seats, with any shortfall to be guaranteed by DNC.

Project Review Status

The Project has undergone extensive review by the BRA since the submission of the Project Notification Form in April of 1989. The Design Development submission was approved by the BRA on December 23, 1991. Approval of any design changes made since that time will be accomplished through the approval of the Construction Documents submission which is expected to be submitted in early 1993. In addition, NBGC has agreed to provide the following as a result of the Article 31 Development Review process:

1. Wind studies and mitigation measures for the arena during construction as well as for the completed arena prior to the development of the remaining parcels;
2. Design and construction of interim landscape improvements on the site of the existing Boston Garden following its demolition and an interim design solution to the south wall of the new arena facing the site of the existing Boston Garden until that site is developed.

Project Schedule

The loan closing is expected to occur in November, and the final design documents will be completed in January of 1993. Construction will begin in March of 1993 and be completed in June of 1995 (total construction time of 27 months). Following a shakedown period in which operating and maintenance procedures for the new facility are refined, the official grand opening will be held in September of 1995 to kick off the 1995-1996 basketball and hockey seasons.

Public Benefits

The public benefits of a new Boston Garden arena are substantial. The entire City and sports market served by the Celtics and Bruins has long awaited the replacement of the existing antiquated facility. In addition to providing the tangible benefits described below and at greater length in the Application, the new arena will serve as an important and highly visible symbol of the City's vitality and economic recovery.

The new arena will compete more effectively with other facilities in the region and as a result will host approximately 60 more events per year than is now possible. In addition, because the new arena seats approximately 3,000 more spectators per event, each event will attract more spectators than today. These two factors translate into well over one million additional spectators visiting the North Station area every year, providing tremendous benefits for restaurants, hotels, and retail shops catering to arena patrons.

The rail station portion of the Project will enhance the MBTA's commuter rail service, improving convenience, efficiency, and the ability to handle increases in commuter levels. Together with other transportation improvements planned by the MBTA,

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principally the depression of the Green Line between the Haymarket and Science Museum Stations and the creation of a new superplatform under Causeway Street serving both the Green and Orange Lines, the new commuter rail station will make North Station a much more attractive and inviting place to use and visit and will in the long run stimulate additional private investment in the area.

The construction of the arena is expected to produce 700 person-years of construction work. The new arena will employ 70 full time workers in addition to its existing staff. NBGC will enter into a Boston Residents Construction Employment Plan and a First Source Agreement regarding the hiring of Boston residents for permanent jobs, both administered by the Economic Development and Industrial Corporation of Boston ("EDIC") through its Office of Jobs and Community Services.

The Application provides for both housing and jobs linkage. The square footage subject to linkage has been determined to be 416,666 square feet; the \$5.00/gsf housing linkage fee will result in a total housing linkage payment of \$2,083,335, and the \$1.00/gsf jobs linkage fee will result in a total jobs linkage payment of \$416,665. The linkage payments, divided between housing and jobs as specified in the Development Impact Project ("DIP") Agreement, will be made as follows: \$50,000 per year for the first ten years beginning at building permit date; \$100,000 per year thereafter for 20 years. The DIP Plan and DIP Agreement, which are included in the Application, set forth in greater detail the linkage contribution of the Project.

Need for Chapter 121A Designation

In light of the current economy and of the difficulty in obtaining private financing for sports arenas in any part of the country, this project could not be developed and the associated public benefits would not be provided without designation and approval under MGL Chapter 121A. The new arena has inherent cost premiums associated with its construction 30 feet above grade. Without the aids of a 121A designation and the certainty regarding property tax levels which it provides, it is unlikely that this arena would attract the debt financing needed to fund its construction.

Decadence of the Project Area

The Project is located within the North Station Urban Renewal Area which has been, by vote of the BRA taken on May 22, 1980, declared a substandard, decadent, and blighted open area (a copy of the BRA's resolution is included in Appendix D of the Application). The North Station Urban Renewal Plan was also approved by the City of Boston and the Commonwealth in 1980. The Project area is decadent and deteriorated as evidenced more comprehensively in the Application. The antiquated appearance of the existing Boston Garden, together with the deteriorating MBTA facilities, have deterred investment and redevelopment in the North Station area, particularly along Causeway Street, where many buildings are derelict and in need of repair. The existing Boston Garden itself, built in 1928, is an outmoded facility whose structure and building systems are seriously deteriorated and constantly in need of

repair due to their obsolescence.

Conclusion

The approval of the Application will allow the Project to commence construction and in turn produce the public benefits described above and in the Application.

The tremendous investment that this project will bring to Boston and to the North Station area, together with other transportation improvements planned, will trigger a resurgence of this area of the City and will result in additional private investment in the North Station area over the long term. The BRA has examined the Application and found that it contained sufficient evidence in support of the Project to permit the BRA to make those findings and the determination necessary to approve the Application.

We therefore recommend that, pursuant to Chapter 121A of the Massachusetts General Laws, as amended, and Chapter 652 of the Acts of 1960, the BRA adopt the Report and Decision approving the Project. We further recommend that, pursuant to Articles 26A and 26B of the Code, the BRA approve the DIP Plan for the Project.

Appropriate votes follow.

VOTED: That the document entitled, "Report and Decision on the Application for Approval of Garden Corporation to Undertake a Project in Boston Under Massachusetts General Laws, Chapter 121A, and Acts of 1960, Chapter 652, both as amended" be and hereby is approved and adopted in all respects;

VOTED: That in connection with the Development Impact Project ("DIP") Plan for the New Boston Garden presented at a public hearing duly held on October 22, 1992 and after consideration of the evidence presented at the hearing, the Boston Redevelopment Authority finds that said DIP Plan (1) conforms to the general plan for the City as a whole; (2) contains nothing that will be injurious to the neighborhood or otherwise detrimental to the public welfare; and (3) does adequately and sufficiently satisfy all other criteria and specifications for a DIP Plan as set forth in Articles 26A and 26B of the Boston Zoning Code, as amended, and any deviations therefrom granted by the Boston Redevelopment Authority (the "Authority") as part of the Report and Decision on the Garden Corporation Project adopted in accordance with a subject to the provisions of Chapter 121A of the Massachusetts General Laws and the Acts of 1960, Chapter 652, both as amended;

VOTED: That pursuant to the provisions of Articles 26A and 26B of the Boston Zoning Code, and any deviations therefrom granted by the Boston Redevelopment Authority (the "Authority") as part of the Report and Decision on the Garden Corporation Project adopted in accordance with and subject to the provisions of Chapter 121A of the Massachusetts General Laws and the Acts of 1960, Chapter 652, both as amended, the Authority hereby approves the Development Impact Project Plan for the New Boston Garden. Said DIP Plan is embodied in a written document entitled, "Development Impact Project Plan for the New Boston Garden" dated October 22, 1992; said document shall be on file in the Office of the Authority;

VOTED: That the Boston Redevelopment Authority (the "Authority") hereby authorizes the Director to (1) execute in the name and on behalf of the Authority (a) a Development Impact Project ("DIP") Agreement in substantially the form attached hereto with such changes as the Director and the Chief General Counsel deem appropriate, and (b) any other documents deemed necessary and appropriate by the Director and the Chief General Counsel in connection with the 121A Report and Decision and the DIP Plan for the New Boston Garden; and (2) to certify in name of the Authority that (a) the plans submitted to the Inspectional Services Commissioner in connection with said project are in conformity with the DIP Plan; and (b) New Boston Garden Corporation has entered into a DIP Agreement with the Authority regarding a Housing Contribution Grant and a Jobs Contribution Grant.

